

## Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 11365 050949Z

13

ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 COA-02 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-03 PRS-01 USIA-15 IO-15 NEA-10

DRC-01 /176 W

----- 021371

P R 050816Z OCT 73

FM AMEMBASSY MANILA

TO AMEMBASSY SEOUL PRIORITY

INFO SECSTATE WASHDC 8430

LIMITED OFFICIAL USE MANILA 11365

USADB

DEPT FOR NAC AGENCIES

E.O. 11652: ADS DECLAS 12/31/73

TAGS: EAID, EFIN, KS

SUBJ: LOAN NO 98-KDB; FISHERIES DEVELOPMENT PROJECT -  
REQUEST BY BORROWER TO CHANGE SCOPE OF PROJECT

ADB DOC IN 62-73 DTD 3 OCT 1973 (REPRODUCED BELOW  
IN ENTIRETY) PROPOSES TO AGREE TO REQUEST FROM  
BORROWER (REPUBLIC OF KOREA) FOR CHANGE IN SCOPE  
OF FISHERIES DEVELOPMENT PROJECT, WHICH WAS APPROVED  
BY BOARD OF DIRECTORS 21 SEPT 1972. FOR SEOUL: PLS  
ADVISE ASAP WHETHER YOU SEE ANY REASON WHY USADB SHOULD  
QUESTION PROPOSED CHANGE.

QUOTE 1. BACKGROUND - ON 21 SEPT 1972, BOARD  
APPROVED A LOAN TO THE REPUBLIC OF KOREA (ROK) FROM  
ORDINARY CAPITAL RESOURCES EQUIVALENT TO US \$13.3 MILLION  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 11365 050949Z

TO FINANCE FOREIGN EXCHANGE COSTS OF THE FISHERIES

DEVELOPMENT PROJECT. THE LOAN DOCUMENTS WERE SIGNED  
10 OCT 72 AND LOAN WAS DECLARED EFFECTIVE 13 MAR 73.

2. THE PROJECT, AS APPROVED, CONTAINS THREE PROCUREMENT  
COMPONENTS:

(A) THE IMPORTATION OF 150 MARINE DIESEL ENGINES  
TO REPLACE OBSOLETE AND INEFFICIENT ENGINES;

(B) THE REPLACEMENT OF EIGHT OBSOLETE 120 GROSS TONS  
(GT) CLASS TRAWLERS; AND

(C) THE IMPORTATION OF EIGHT 400 GT CLASS SHIPJACK  
VESSELS.

3. THE BORROWER (ROK) HAS SOUGHT THE BANK'S APPROVAL  
TO CHANGE SCOPE OF PROJECT TO:

(A) REDUCE NUMBER OF MARINE DIESEL ENGINES TO 50; AND  
(B) SUBSTITUTE EIGHT 120 GT CLASS TRAWLERS WITH  
SIXTEEN 60 GT CLASS TRAWLERS.

4. A BANK REVIEW MISSION VISITED KOREA IN JULY AND HAD  
DISCUSSIONS WITH BORROWER AND EXECUTING AGENCY, THE CENTRAL  
FEDERATION OF FISHERIES COOPERATIVES (CFFC) ON PROPOSALS  
MENTIONED ABOVE. FOLLOWING IS A SUMMARY OF THE DISCUSSIONS:

(A) WITH RESPECT TO COMPONENT 2(A), CFFC REPORTED  
THAT APPLICATIONS FOR ONLY 50 MARINE DIESEL ENGINES OUT  
OF THE 150 ORIGINALLY ENVISAGED HAVE BEEN RECEIVED  
DESPITE SIX INVITATIONS PUBLISHED SINCE THE BEGINNING  
OF THE YEAR. THERE IS A BIG DEMAND FOR SUCH ENGINES BUT  
A CHANGE IN GOVT REGULATIONS SUBSEQUENT TO LOAN APPRAISAL  
HAS MADE POSSIBLE THE IMPORTATION OF USED VESSELS WITH  
BUILT-IN DIESEL ENGINES. KOREAN FISHERMEN HAVE  
GENERALLY CONSIDERED IT MORE ECONOMICAL TO IMPORT USED  
VESSELS THAN TO BUY NEW DIESEL ENGINES. THIS EXPLAINS THE  
LIMITED INTEREST IN AVAILING OF THE BANK'S FINANCING FOR  
THIS COMPONENT. THE REDUCTION IN THE NUMBER OF ENGINES  
TO BE PROCURED WILL NOT AFFECT THE RATE OF RETURN ON THIS  
PROJECT COMPONENT. THE UNUTILIZED BALANCE OF FUNDS FROM THIS  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 11365 050949Z

CATEGORY IS EXPECTED TO BE PARTIALLY ABSORBED BY INCREASE  
IN THE CONSTRUCTION COST OF THE SKIPJACK VESSELS, COMPONENT  
2(C), WHICH HAVE OCCURRED SINCE THE TIME OF APPRAISAL.

(B) THE PROPOSED CHANGE TO A LARGER NUMBER OF SMALLER  
TRAWLERS UNDER COMPONENT 3(B) WAS PROMPTED BY A SIGNI-  
FICANT DEMAND FOR THIS TYPE OF VESSEL AND, BY ASSISTING  
A LARGER NUMBER OF FISHERMEN, SHOULD ACHIEVE A WIDER

SPREAD OF ECONOMIC BENEFITS. THE PROPOSED REVISION IS  
IN LINE WITH THE ORIGINAL OBJECTIVES OF THE PROJECT AS  
THE VESSELS WILL FISH IN THE OFFSHORE AREA AS PROPOSED  
FOR THE 120 GT TRAWLERS.

5. IN LIGHT OF THE FOREGOING, IT IS PROPOSED TO AGREE TO  
THE BORROWERS'S REQUEST FOR A CHANGE IN SCOPE OF PROJECT.  
IF NO COMMENTS ARE RECEIVED FROM THE MEMBERS OF THE BOARD BY  
26 OCT 1973, APPROPRIATE ACTION SHALL BE TAKEN TO CONVEY  
THE BANK'S APPROVAL TO THE REQUESTED CHANGE.  
SULLIVAN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 OCT 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** collinp0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973MANILA11365  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731048/aaaabjao.tel  
**Line Count:** 126  
**Locator:** TEXT ON-LINE  
**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** collinp0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <31-Jan-2002 by martinjw>; APPROVED <20 FEB 2002 by collinp0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LOAN NO 98-KDB; FISHERIES DEVELOPMENT PROJECT - REQUEST BY BORROWER TO CHANGE SCOPE OF PROJECT  
**TAGS:** EAID, EFIN, KS  
**To:** TRSY  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005